

THE ADEQUACY OF THE CURRENT SOCIAL PLAN TO ADDRESS RETRENCHMENT CHALLENGES IN SOUTH AFRICA

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ABSTRACT

The purpose of the Social Plan Guidelines is to manage large-scale retrenchments and ameliorate their effects on employees. In this study a comprehensive literature review and two case studies were conducted to review the theoretical and practical application of the Social Plan. The research findings identified various challenges that inhibit the effective management of retrenchments. These challenges were analysed and interpreted and a new model to effectively manage retrenchments was developed. The new model is centred on a company's business plan; the concept is a participative performance-driven governance approach between management and employees focusing on business results. The new model suggests that the employment relations management and corporate social investment of an organisation be utilised as vehicles to manage retrenchments effectively.

Keywords: social plan, retrenchment model, management of retrenchments, employment relations, challenges of retrenchments

Purpose of the study

Prior to the democratic elections in 1994, South Africa had a captive market. There were regulations that were specifically designed to protect South African organisations. There were various tariffs and taxes imposed on foreign organisations doing business in South Africa. After the democratic elections, South Africa introduced market reforms that resulted in South Africa being part of a globalised market. This globalisation process brought about significant changes. South African organisations had an opportunity to expand their business opportunities, but at the same time were faced with competition from other organisations from different parts of the world.

This meant that, in order to be competitive, South African organisations had to undergo structural transformation, which led to the pursuit of lean management strategies to obtain world-class status (Prinsloo, Moropodi, Slabbert and Parker, 1999). This process led to job losses. It is submitted that although not all job losses can be attributed to globalisation, it was one of the major factors that led to job losses.

Vlok (2001) has this to say about this phenomenon: "Management calls it downsizing or rationalising. Consultants call it restructuring or re-aligning staff with fiscal goals. Workers call it retrenchment or ...death". This is the reality in which the South African labour market finds itself - for various economic reasons the South African labour market is being impacted by retrenchments.

A need therefore exists to effectively manage retrenchments and ameliorate their effects which have serious implications, not only for individuals, but also for families, society and the country (Ngonini, 2001).

The Social Plan Guidelines were gazetted in 1999 (Government Gazette, 1999). They were seen as an effective solution for the management of large-scale retrenchments. Their primary objective is "to avoid job losses and employment decline, wherever possible, and seek to actively manage retrenchments and to ameliorate their effects on individuals and local economies when large job losses are unavoidable" (Nedlac, 2005).

Despite the good intentions and noble objectives of the Social Plan Guidelines, there are very few organisations who have embraced them. It should be noted that the Social Plan Guidelines are not an "Act" but guidelines, and therefore their adoption is purely voluntary since failure to adopt them does not attract any legal consequences.

Large-scale retrenchments continue to occur. Individuals, their families and local economies continue to suffer. It is therefore imperative that we seek to understand the issues that make the Social Plan Guidelines unattractive to organisations. A need for effective management of retrenchments has been identified (Ngonini, 2001) and therefore a proper diagnosis of the issues that make the Social Plan Guidelines unattractive and ineffective must be done. This study seeks to understand these issues, offer an alternative solution and to investigate whether the current mechanism (Social Plan) provided by the Department of Labour is, in practice, adequate to manage retrenchments.

The objectives of the study were to:

- Highlight the unemployment rate in RSA;
- Highlight the impact of globalisation on employment;
- Show the integration or lack thereof of the measures designed to ameliorate the effect of retrenchments (policies, guidelines and statutory framework);
- Investigate through practical case studies how retrenchments were managed in practice and highlight the deficiencies, if any;
- Investigate possible synergies between the Social Plan and corporate social investment; and
- Develop and propose a possible solution to the effective management of retrenchments.

LITERATURE REVIEW

In order to meet the objectives of the study, a review was done on the following literature:

- Globalisation;
- Statistical information on employment in RSA as well as specific industries (e.g. mining);

- The available policy framework for managing retrenchments;
- The legislative framework for managing retrenchments;
- Case studies of large-scale retrenchments.

Globalisation

South Africa’s transition from an apartheid dispensation to a democratic one has resulted in the country becoming part of the global market and South African organisations were faced with global competition for the first time. Rhinesmith (1996) is of the view that South African organisations must have the ability to respond effectively to the prevailing challenges in a manner that surpasses that of their competitors. Globalisation in the context of closer integration of national markets is not a new concept or phenomenon (O’Rourke and Williamson, 2000). Slabbert, Prinsloo, Swanepoel and Backer (1999) are of the opinion that globalisation has always been there; what has changed is the scale and impact of globalisation on business environments around the world and the emergence of what has come to be termed the “global village”.

South Africa as a nation state was, and still is, affected by globalisation. South Africa moved from a history of economic protectionism to become a member of the World Trade Organisation. The move was facilitated by the change in the political dispensation in 1994. Prinsloo, Moropodi, Slabbert and Parker (1999) confirmed that political reform in South Africa resulted in the opening up of South Africa’s economy to global markets. Consequently, South African organisations are now faced with global competition, which forces them to undergo structural transformation in order to be competitive. This structural transformation has led to the shedding of jobs. In the first quarter of 1998 employment levels declined by an additional 3% (over 22 000 job losses) on top of the 4% contraction recorded in 1997. Should the mining sector be included in these statistics, it would mean that the formal economy shed 100 000 jobs in 1998 (Prinsloo, Moropodi, Slabbert and Parker *et al.*, 1999). It is envisaged that this trend will continue for some time to come. In the last two years, the South African currency appreciated to such high levels that various sectors (e.g. textile

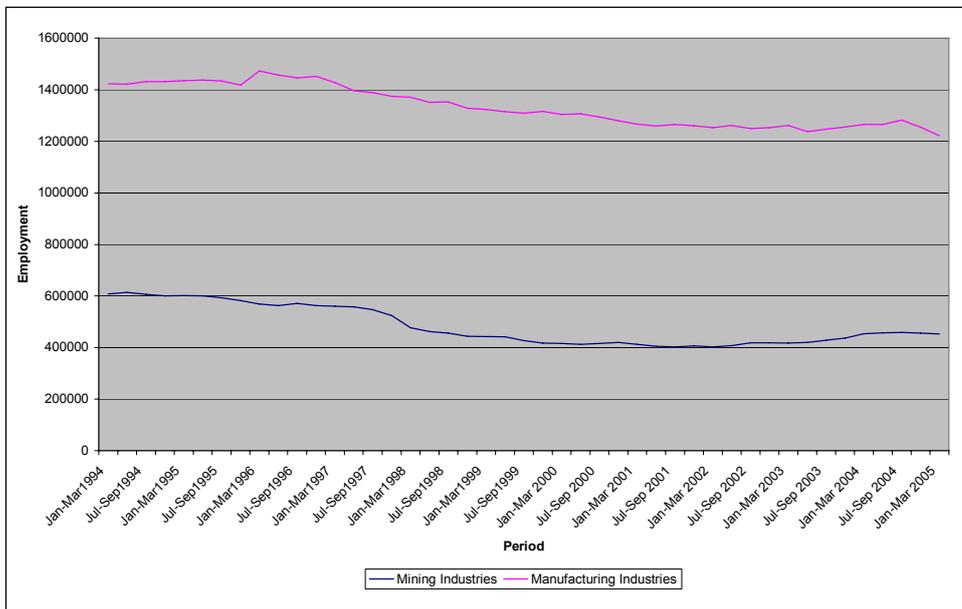


FIGURE 1
Graphic representation of employment figures in the mining and manufacturing industries between 1994 and 2005

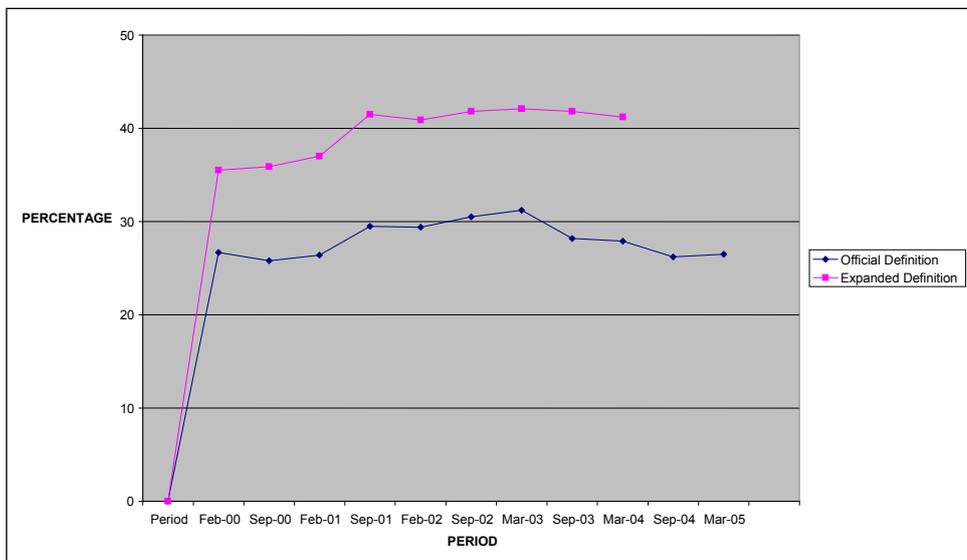


FIGURE 2
The comparison of employment figures as per the two definitions

and mining) had to shed more jobs to survive. This had an impact on individual employees and the communities in which affected organisations are located.

In order to survive global competition, Parker (1998) is of the view that business organisations must continually adapt to an ever-changing external environment and become "world-class" organisations. Being a world-class organisation means that the organisation must have the ability to respond effectively to the prevailing challenges in a manner that surpasses that of other competitors. Rhinesmith (1996) is of the opinion that the strategic intent of a world-class organisation is to concentrate on delivering the highest-quality product or service to the most profitable worldwide markets, at a lower cost, under changing market and competitive conditions. Inherently this has an impact on employment.

Management of retrenchments

It is difficult to attribute all job losses to globalisation, partly due to the difficulties of defining and measuring the effects of globalisation on organisations and partly due to many other factors that are unique to a particular country and probably unique to a particular industry or sector. Despite the difficulties of defining and measuring retrenchments, it is certain that in South Africa there is a worrying trend to reduce employees.

Figure 1 indicates the employment figures in the mining and manufacturing industries from 1994 to 2005. Figure 2 indicates the unemployment rate in South Africa as per the official and expanded definitions. The statistical information in both Figures 1 and 2 give an indication of the extent of job losses and unemployment in RSA. Job losses must be managed to avoid an increase in the already high unemployment rate.

As long ago as 1995, the trade unions believed that South Africa's entry into the global market would bring about globalisation and competition that would have dire consequences for the continued employment of their members. Organisations have to retrench workers from time to time for economic reasons and because organisations have to rationalise to remain globally competitive (Department of Labour, 1999). The trade unions saw the potential effects of globalisation and predicted mass job losses and sought some statutory protection from the Labour Relations Act, 1995 (LRA). Section 189 of the LRA provides for the statutory management of retrenchments.

The trade unions, however, questioned the provision of the LRA and are of the view that the LRA makes it easy for employers to retrench, since the requirements of section 189 are about process compliance rather than a genuine attempt to avoid retrenchments. Furthermore, trade unions are of the view that the LRA does not take into consideration the impact of retrenchments on the communities from which the retrenched employees come.

Having considered all these factors, the National Union of Mineworkers (NUM) in particular advocated for the introduction of a social plan to address retrenchments. After in-depth consultation, the Social Plan Guidelines were gazetted (Government Gazette, 1999).

The Social Plan Guidelines:

- apply in the event of threatening large-scale retrenchments (500 people or 10% of the labour force of an organisation), as such retrenchments could have an impact on sector, regional or national interest;
- aim to prevent job losses and a decline in unemployment. As such they promote negotiations about threats to employment security and other measures to prevent a decline in employment; and
- aim to ameliorate the social and economic impact on individuals, regions and the economy.

The Social Plan Guidelines have three mandates, namely, saving jobs, managing retrenchments, and creating jobs for local economies. In order to carry out its mandate, the Social Plan Guidelines tasked the National Productivity Institute (NPI), the Department of Labour (DoL) and the Department of Provincial and Local Government to give effect to the mandate.

Despite the provisions of section 189 and the Social Plan Guidelines, trade unions exerted more pressure on the DoL to review the statutory provisions for managing retrenchments. Under the weight of social pressure to review policy norms governing retrenchments, a raft of substantive and procedural changes has been made to the law. In essence, the unions have won the case that retrenchments are too easy and expedient for employers facing hard times and that the bar must be raised (Cheadle *et al.*, 2002). The implications of the provisions of the new section 189(A) are as follows:

- Retrenchments are now a strike-able issue;
- There is more scope for trade unions to challenge retrenchment; and
- The approach that the courts must take on the merits of retrenchment has been clarified.

It is an accepted principle that one of the indicators of a good economy is its ability to create and sustain employment. The South African economy is shedding employment, and therefore from an economics point of view the economy is not doing well. The causes, as highlighted in this study, are mainly the fact that South Africa is now competing on the global stage and is no longer protected as it was during the Apartheid era.

The South African government, through the DoL, had to respond to the pressure that was exerted by the labour movements, hence the promulgation of the Social Plan Guidelines.

Corporate social investment and employment relations strategies

There are many organisations that, despite the statutory provisions of managing retrenchments and the Social Plan Guidelines, have developed mechanisms to manage retrenchments. The question that arises is why these companies are engaging in such processes and not adhering to the LRA and the Social Plan Guidelines. The Social Plan Guidelines provide a process for the assistance of retrenched employees and their communities and therefore it is submitted that they constitute an element of corporate social investment. The principle of the Social Plan Guidelines is that they attempt to ameliorate the social and economic impact of retrenchment on individuals, regions and the economy (the local economy in particular).

The Social Plan Guidelines have another aspect, which relates to employment relations strategy. This aspect deals with the prevention of job losses and decline in employment, promotes negotiations about threats to employment security and potential measures to prevent a decline in employment.

The Social Plan Guidelines therefore have elements of corporate social investment and employment relations strategy. It is not evident, however, whether this was intended.

Case studies

The Social Plan Guidelines, by their very nature, require that various parties be actively involved in managing large-scale retrenchments. The Social Plan Guidelines state that their primary objective is to avoid job losses and employment decline wherever possible, and to seek to actively manage retrenchments and to ameliorate their effects on individuals and local economies when large job losses are unavoidable. In order to give effect to this primary objective, various parties – namely, trade unions, companies, local authorities, the DoL and impacted individuals – must actively take part in the initiatives to avoid or ameliorate retrenchments. Case studies

were undertaken to demonstrate how, in practice, the parties relate and manage the process of retrenchments currently in South Africa.

The case studies conducted included the process that was followed in managing retrenchments by the City of Matlosana and the role of Solidarity (a trade union) in that process as well as the management of retrenchments by Eskom Holdings Limited and Telkom SA Limited.

The case studies investigated the impact on society (people and/or the economy), number of employees involved, and the role played by trade unions and/or employees.

The findings of the case studies are that:

1. The City of Matlosana
 - There was a lack of cooperation from Government departments/agencies;
 - The City had no integrated strategy/approach;
 - There were limited skills within the City; and
 - There was a lack of support from local businesses.
2. Solidarity (trade union)
 - The trade union was not consulted by the employer;
 - There was a lack of support from other trade unions; and
 - The employer did not have an in-house social plan.
3. Eskom Holdings
 - There were problems due to the relocation of employees from one area to another;
 - There was a lack of entrepreneurial skills among the affected employees; and
 - There was a lack of balance between business efficiency and social responsibility.
4. Telkom
 - Telkom was a model employer in managing retrenchments in that all the challenges that were experienced in the other case studies were catered for in their in-house social plan.

Summary

Parker (1999) is of the view that industrial relations and human resources should be integrated and managed collectively. The collective management of these fields is referred to as employment relations. The Social Plan Guidelines by their very nature are inclusive of both the element of industrial relations and the element of human resources. Retrenchments and redundancy processes are to do with industrial relations, whereas training and development are human-resource based.

RESEARCH METHODOLOGY EMPLOYED IN THE STUDY

The research problem as discussed above was used as the foundation for the choice of the research methodology. An exploratory research methodology was employed in this study due to the limited academic research on the subject.

The overall research design of the study included the following:

- **Data collection**
The data for the study was collected through literature reviews; analysis of case studies; and expert surveys/interviews.
- **Sampling**
The sampling approach that was used in the study is non-probability sampling because the study did not necessarily require a sampling approach.
- **Validity**
Due to the nature of the study (exploratory), empirical validation was not possible. Theoretical or conceptual validation was therefore employed.

- **Reliability**
In exploratory research it is not possible to achieve reliability through production of consistent results. The reliability was achieved through precision and objectivity when data was gathered; with analyses and interpretation of data and presentation of findings.
- **Ethical consideration**
The data that was gathered and considered was not fabricated or falsified to achieve a particular outcome.

Identification of the limitations/deficiencies of the social plan

The literature review and the case studies presented the practical and theoretical demonstration of the management of the Social Plan Guidelines. Having considered or reviewed both the practical and the theoretical aspect of managing large-scale retrenchments, the limitations are identified.

The limitations or challenges that have been identified can be clustered under the following categories:

Roles

It has been identified that there are various stakeholders that are required to play a role in the effective management of the Social Plan Guidelines as they stand currently. Stakeholders such as trade unions, communities, the DoL, NPI, Provincial and Local Authorities, impacted employees, the Future Forum and many others were identified. The Social Plan Guidelines attempt to define and clarify some of the roles of these stakeholders. The definition and clarification, however, failed to indicate and manage the overlaps or inter-dependencies of these roles.

Purpose

The Social Plan Guidelines, like any other programme, exist because of a certain need. They exist because they aim to prevent job losses and a decline in employment; to promote alternative solutions to threatened job security, provide potential measures to prevent a decline in employment and to ameliorate the social and economic impact on individuals, regions and the economy. One of the problems of the Social Plan Guidelines is that their definition of large-scale retrenchments negatively affects the very purpose it seeks to address. The definition excludes employees who, irrespective of the impact of retrenchments on them and their local economies, happen not to meet the 10% or 500 thresholds. Further, it excludes the accumulative effect of small-scale retrenchments.

Support

It was indicated that there is little support for the Social Plan Guidelines as a programme to address job losses. The problems are identified and explained. As there is no support and commitment, the effectiveness of the programme is at risk.

Information management

One of the challenges of the Social Plan Guidelines is the lack of information management. There is little or no information available in any form that records the use of the Social Plan Guidelines as a retrenchment strategy. A report to the DoL has identified the lack of awareness as a challenge to the Social Plan Guidelines.

Statutory integration/legal framework

Generally, the management of employment relations and, more specifically, the management of retrenchments are very complex. There are many regulations and statutory provisions that must be considered when managing retrenchments. The lack of integration of various pieces of legislation and other regulatory provisions was identified as a problem. The following relevant areas of legislation and regulatory provisions were identified:

- Law of Insolvency;
- Companies Act;

- Labour Relations Act;
- Corporate Social Investment;
- Code of Good Practice;
- Competition Law; and the
- Municipal Systems Act.

These pieces of legislation and regulatory provisions require integration for the effective management of the Social Plan Guidelines. The problem identified in this regard is that the Social Plan Guidelines either fail to align with these pieces of legislation and provisions, or simply do not make reference to the said provisions. This results in conflict and/or interpretational problems which affect the very existence of the Social Plan Guidelines and their application.

Human resources

The roles of the various stakeholders that are involved in the application and management of the Social Plan Guidelines must be performed by people. A challenge that was identified was that within the local authorities, there are no skills to perform these roles effectively, and it is questionable whether a trade union has the appropriate and adequate human resources to perform such functions.

Financial resources

The application and management of the Social Plan Guidelines creates various activities, some of which are accompanied by the formation of structures. The activities and the functioning of these structures must be supported financially. It becomes difficult for a company which is under financial strain to finance these activities and structures. The Social Plan Guidelines provide that the DoL must grant R50 000 to a local authority to regenerate the local economy that has been affected by retrenchments. This is a very small amount to support such a need. If R50 000 is divided by 500 employees

(minimum threshold), it means that R100 is spent per employee to regenerate the economy, an amount which is inadequate.

It is evident that the Social Plan Guidelines have many challenges. Some of the challenges are fundamental to the very existence of the Social Plan Guidelines, not to mention their effectiveness. Furthermore, it is evident that in its current form, the Social Plan Guidelines are very ineffective and therefore not adequate to address retrenchment challenges.

Proposed solutions

The challenges that have been identified and interpreted are diverse yet interrelated in that they are dependent on each other. For the purpose of simplicity the challenges are categorised as follows:

- Institutions or structures;
- Corporate social responsibility;
- Employment relations strategy;
- Legal framework; and
- General.

The above challenges are discussed under these categories and are referred to as themes. Each theme has several sub-categories (see Figure 3).

Institutions/structures

Institutions and/or structures of any model are the foundation of that model. They are the pillars of the model, without which the model may not be operationalised. The Social Plan Guidelines too have institutions and/or structures whose primary focus is to operationalise the Social Plan Guidelines and make them effective.

The problems highlighted have a negative impact on the effective management of the Social Plan Guidelines. Either they

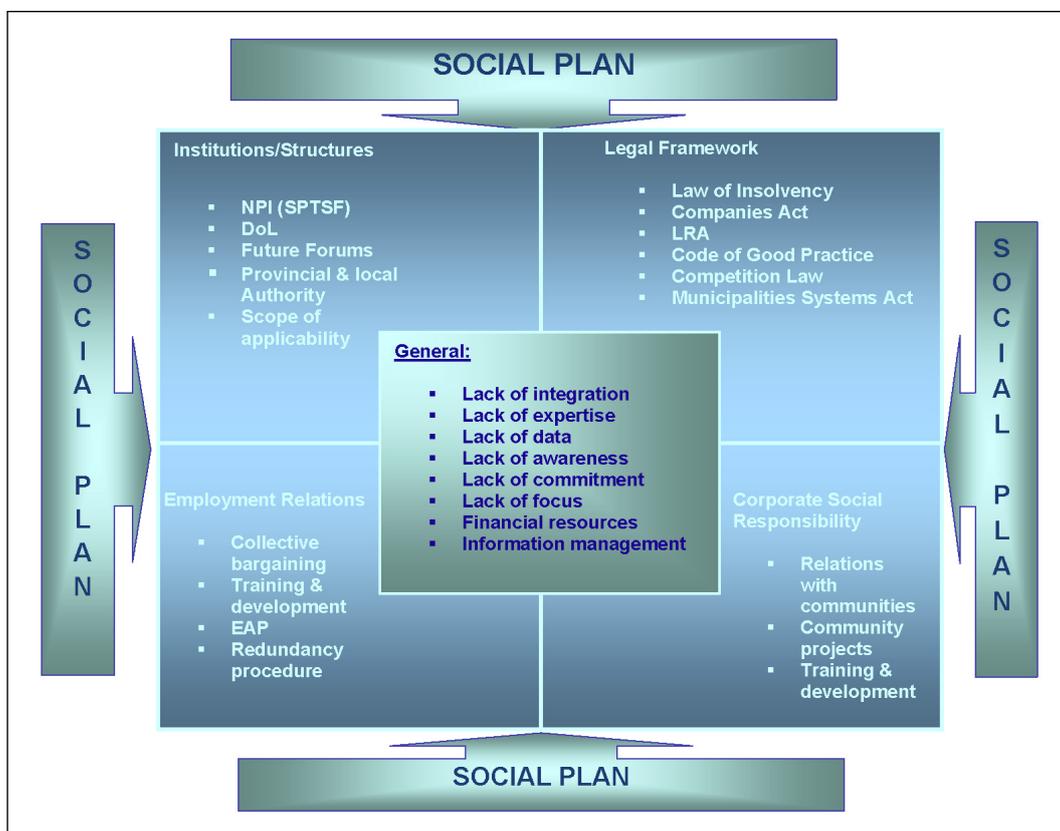


FIGURE 3
The categorisation of challenges under themes

do not add value and are bureaucratic, or simply do not achieve what they are intended to achieve.

Legal framework

The Social Plan Guidelines are a process and not legal rights and duties. Parties (employers and trade unions) have a choice as to whether they use them or not. Failure to use them in the circumstances in which they operate does not attract any legal penalties or sanctions.

The provisions of the Social Plan Guidelines have a bearing on other statutory areas. In particular, the Social Plan has a bearing on the following:

- Insolvency Act;
- Companies Act;
- Labour Relations Act;
- Competitions Act; and
- Municipal Systems Act.

The Social Plan and the above-mentioned Acts operate, in one way or the other, within the same space. Inevitably this leads to contradictions and/or duplications of processes. Sometimes the Social Plan Guidelines create extra functions for institutions established under a particular Act, e.g. Local and Provincial Authorities. Due to the fact that they are guidelines, they cannot supersede any statutory provisions. The management of retrenchments through the Social Plan Guidelines creates an extra function for employers, which is not, strictly speaking, required by an Act. Employers are reluctant to embrace a process that is not a legal requirement when there are legal requirements from other Acts that seek to address the same issues.

It can therefore be concluded that, in its current form, the existence of the Social Plan Guidelines does not bring anything new that can be enforced to manage retrenchments effectively. Even if the Social Plan Guidelines can be promulgated as an Act (an approach that is not supported) in its current form, it will cause contradictions and confusions. For a guideline to

be effective, it must supplement and complement an Act that operates within that particular area. Currently the Social Plan Guidelines do not achieve this goal. Consequently the existence of the Social Plan Guidelines, in their current form, is not desirable.

Employment relations

Integrative management of industrial relations and human resources management, i.e. employment relations, are an integral part of the Social Plan Guidelines. This means that an employer's employment relations strategy must have an element of strategic management as laid out in the Social Plan Guidelines.

From this deduction it is evident that the Social Plan Guidelines should be managed within the employment relations strategy rather than as an independent process. The management of the Social Plan Guidelines as a separate process creates duplication and conflict with redundancy procedures and established collective bargaining processes, the Employee Assistance Programme (EAP) and the training and development initiatives that normally reside under Employee Relations Management.

Thus the objectives of the Social Plan Guidelines should be addressed through existing company policies such as the employment relations management policy.

Corporate social responsibility

A principle of the Social Plan Guidelines must be an amelioration of the social and economic impact on individuals, regions and the economy (local economy in particular) and must support the objectives of corporate social investment. Synergies between the Social Plan Guidelines and corporate social investment strategies should be enhanced.

The enhancement of synergies may be done in various ways including, but not limited to, the co-existence of the two processes. In fact, the co-existence of the two processes is not desirable. It is argued that the existence of the Social Plan



FIGURE 4
World-Class Management of Retrenchment Model (Ngele, 2006)

Guidelines in their current form and/or as a separate process is not necessary. Taking the same line of argument, the Social Plan Guidelines do not need to exist because their objectives can also be catered for through established processes such as corporate social investment initiatives. Companies have long-standing corporate social investment initiatives that they engage in voluntarily and that are not in contradiction to other statutory provisions.

Corporate social investment initiatives are an integral part of the strategies of companies. Many companies have established non-profit subsidiaries to manage their corporate social investment initiatives. This addresses the inadequacies of the institutions or structures that are meant to operationalise the Social Plan Guidelines. The subsidiaries are existing, internally-managed structures which are more likely to carry out their mandates than many uncoordinated structures or institutions.

Many companies report on their corporate social investment initiatives in their financial reports. This enhances the corporate citizenship of companies. It therefore stands to reason that if the objectives of the Social Plan Guidelines were incorporated into and managed under the corporate social investment initiatives, they are more likely to be addressed adequately.

General

The challenges listed here are dependent on the other four themes (institutions or structures, legal framework, employment relations and corporate social investment). The inadequacy of the institutions or structures, the contradiction and duplication of processes in the legal framework and the lack of synergy in the employment relations theme and corporate social investment theme led to these challenges. These challenges can be addressed merely by addressing the challenges of the other four themes.

In summary, the conclusions that have been reached above are that:

- I. The Social Plan Guidelines do not have to exist in their current form due to the inadequacies caused by the institutional or structural theme challenges.
- II. The Social Plan Guidelines fail to complement and supplement existing legislation that operates within the same area. It causes unnecessary duplication and contradiction of legal processes and therefore its existence is not desired.
- III. The objectives of the Social Plan Guidelines can be addressed through an employment relations strategy and therefore the Social Plan Guidelines do not have to exist as a separate concept.
- IV. The objectives of the Social Plan Guidelines can be addressed through the establishment of processes such as corporate social investment. It can therefore be concluded that the Social Plan Guidelines are not adequate to address retrenchment (large or small scale) challenges in South Africa.

DISCUSSIONS AND RECOMMENDATIONS

It has been concluded that the Social Plan is not an adequate concept to address retrenchment challenges in South Africa. The conclusion is made after the identification and interpretation of challenges which were categorised into themes. It is evident that two of the themes, namely, institutions or structure and the legal framework are the problematic themes. The objectives of the Social Plan Guidelines can be achieved through the themes of employment relations and corporate social investment.

Parker (1998) is of the opinion that the management of employment relations must reflect the fact that they are an inherent part of a company's business plan, that they are pro-

active and of a long-term nature, that they are an important matter for management because the model of addressing retrenchment challenges must have as a base, or must flow from, a company's business plan.

The management of retrenchments by its very nature involves employees. The employees are involved while they are still employed and when they are exiting the company through retrenchments. The participation of employees in matters that affect them and their company is important. Parker (1998) discussed the concept of Participative Performance Driven Governance. This concept is the foundation of the involvement of employees in companies that are ascending to world-class status.

The management of retrenchments involves employees and the company. Therefore it makes sense to apply the concept of Participative Performance Driven Governance to the management of retrenchments. The concept allows for joint participation of management and employees in focusing on business results. Business results, in this context, refer to the financial viability of the organisation while effective measures to avoid and/or minimise retrenchments are put in place. The activities of this concept are laid down in the company's business plan.

The discussion on the construction of the new model of managing retrenchments as above is premised on:

- The concept that employment relations and corporate social investment can address the objectives of managing retrenchments;
- The concept that employment relations (and corporate social investment in its own right) must be managed inherently as part of a company's business plan; and
- The world-class concept that management and employees jointly drive performance (Participative Performance Driven Governance).

The combination of these three concepts creates a new model for managing retrenchments, namely World-Class Management of Retrenchment Model developed and recommended by the author (see Figure 4).

Advantages/benefits of the World-Class Management of Retrenchment Model

The principal benefits or advantages that are presented by the new model are the following:

- I The model is based on a company's business plan and therefore financial and human resources will be easier to make available.
- II Both management and employees (either by themselves and/or through trade unions) participate jointly in the operational implementation of the model.
- III The model is linked to corporate social investment and therefore the company will be obliged to report on the management of retrenchments in their financial report when reporting on corporate social investment initiatives.
- IV The model is internally driven and therefore flexible.
- V The model does not create contradictions with other statutory provisions.
- VI The processes recommended by the new model will not create new obligatory internal structures. The existing structures of the company may be adapted to manage the process.
- VII The application of the model will not be quota-based, but part of day-to-day operations of the business of the company.
- VIII Integration of resources and operations within the company will be enhanced.

Disadvantages of the World-Class Management of Retrenchment Model

The model does present some disadvantages, including the following:

- I The model does not address industry cooperation. It is not the intention of the model to create "forced marriages". Parties must join forces voluntarily, having considered mutual benefits and potential synergies.
- II Smaller companies may not necessarily have corporate social investment functions, but retrenchments can still be managed through employment relations alone.

The study has highlighted the importance of managing retrenchments in an integrated manner within a business organisation. In practice, business organisations will be able to integrate their employment relations management, corporate social investments and their business plans to pro-actively ameliorate the effects of retrenchments.

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